Covers conditions in May, 1917

75

No. 27

May

June 5,1917.

MONTHLY REPORT
CROP AND BUSINESS CONDITIONS IN
THE NINTH FEDERAL RESERVE DISTRICT.

John H.Rich
Federal Reserve Agent.

Opportune rains during the last week of May and the first few days of June have greatly improved the already excellent crop prospects in Montana, South Dakota, Minnesota and Wisconsin. North Dakota was not so fortunate and stands in need of a soaking rain that will cover the entire district. The weather station at Bismarck reports the dryest May in 42 years. The western end of the state, part of the southern portion and parts of the eastern portion have had the benefit of moderate showers. The remainder of the state has not benefited. Rye has already been severely damaged,and there is a possibility that if rain does not come within a few days,that wheat,too, may begin to show injury from dry weather.

It is now evident that over the district as a whole the crop acreage has been considerably increased. In Montana, where there was considerable winter killed wheat, the damage has been repaired by spring planting , and in the Yellowstone Valley, and generally through the eastern portion, a very large crop has gone into the ground. North Dakota's acreage is the largest in the history of the state,due to the remarkable campaign for a record breaking acreage which was conducted by banks and bankers. The wheat acreage is from 5 to 7 percent greater than a year ago. There are good increases in barley and oats,and a substantial increase in the amount of flax planted. Crop production work undertaken by the North Dakota banks has involved several million dollars of loans, and credit has been freely extended to all reputable farmers.

In the western and northwestern portions of Minnesota,an increased amount of wheat has been sown, and acreages of other crops are larger than a year ago. South Dakota reports good increases in small grains and a large increase in the corn acreage,which is true as well of southern Minnesota and Wisconsin. In all parts of the district, growing crops present a fine appearance. The continued cool weather has caused the plants to root deeply,and the small grains show promise of a good stand and a heavy yield. During May, the nights were uniformly cool,and from some localities,heavy frosts were reported, but no appreciable damage resulte

Should North Dakota receive the early June rains that are now needed,the outlook for the district as a whole will be as good as the Northwest has ever had at this season of the year. Canadian reports are not encouraging. The wheat acreage is considerably less than normal,and planting was generally late in the Northwest provinces. The yield that may be expected from the wheat territory in the Canadian Northwest will be reduced to such an extent as to put a considerable burden upon the grain raising sections of this district. This is a factor of importance in connection with the prospective wheat supply of the United States and its allies, and is considered as further evidence that farmers will receive very favorable prices for wheat this fall, as well as good returns upon other small grains and corn. Under these conditions, the

crop in this district, if it matures without setbacks, will be extremely profitable, and will bring great prosperity in its wake.

The business outlook at the larger centers is generally good, except that construction is somewhat interfered with by the high price of labor and materials. The electrical trade, and classes of labor such as carpenters, plumbers and steamfitters, and others that are dependent upon business and residence building, have suffered somewhat. The buying power of the people seems to be in no way impaired, as is evidenced by the very satisfactory volume of retail trade, and a good demand from all country points upon the shippers and distributing houses of the cities. Country retailers are ordering carefully, and on account of high prices, have been keeping their stocks down to moderate size. The difficulties with many classes of goods that have been slow in coming forward from the manufacturers, still continue. Eastern concerns, especially those affected by war orders, are far behind on deliveries.

The condition of country trade, and the activity at the larger centers, indicates that business prosperity will continue throughout the summer, and that the outlook will be improved in proportion to the success with which the growing crops withstand the late June and early July hot weather. The opinion is freely expressed on every hand that should the Northwest harvest the crop that is now in prospect, nothing can shake its business prosperity for a year and a half to come, and banks and financial institutions will make new records as to their deposits. Industrial concerns within the district are very active, and are meeting with a strong demand for staple goods in spite of high prices. Such war order business as there is, is an indirect product of war conditions, rather than the result of direct orders, since most of the contracts upon which manufacturing concerns were at work have been completed. It is noticeable that concerns in the iron and steel trade, companies manufacturing farm tractors and agricultural implements, sash and door concerns, shoe and clothing manufacturers, and others engaged in producing the common necessities, are busy and are making satisfactory profits in spite of the high cost of materials and the considerable advance in labor cost as compared with a year ago.

The Ninth Reserve District has responded splendidly to the call of the Government and is rapidly absorbing many millions of Liberty Bonds More than 4,000 bankers and business men are voluntarily serving upon committees, and covering every township and county in an area that contains 436,000 square miles. The remarkable record made by Minneapolis of raising $10,000,000 for the Loan in eight days, is followed by St. Paul, which on an apportionment of $6,000,000, raised $8,500,000, by Duluth, which on an apportionment of $1,436,000 raised $2,750,000, by Houghton, Michigan (city and county) which on an apportionment of $1,650,000 has raised $2,700,000, and by many other cities and towns in which campaigns are in progress. The difficulties of organization in a territory that embraces in whole or in part six different states, and which is 1500 miles long, are obvious. Six separate state organizations were instituted, and as fast as completed, each built up its own machinery for reaching the public. The difficulties of reaching the people of the Ninth Reserve District, when fully 90 percent of the entire area is farm land, were considerable and necessitated that in order to bring home the importance of the Loan, committeemen must visit every section of land and personally discuss the subject with the farmers. With more than a week to complete the campaign, the outlook is encouraging. Preliminary results are sufficient to justify the belief that notwithstanding the size of the territory, the thinly settled character of many districts, the great distances to be covered, and the difficulty of getting into touch with individual farmers, the district as a whole will make an extremely satisfactory response and subscribe a very heavy amount.